

## **Minutes: Yahara River Grocery Cooperative Board Meeting**

**Stoughton EMS Building, Fourth Street, Stoughton, Wisconsin  
6:00 p.m. - 8:45 p.m., Tuesday, April 8, 2008**

### **Board Members and Committee Chairs Present:**

Norma Sampson (Vice President); Warren Kmiec (Treasurer); Deb Piper (Secretary);  
Marlene Widra (Member-at-Large);  
Eric Borchardt (Marketing); Pam Barnes (Research), Homer Howard (Senior Liaison);  
Glen Timmcke (Product Buyers); Philana Friede (Fundraising)

### **Other Committee Members Present:**

Mary Condon (Research); Debra Carter (Finance); Kristine Vaughn (Membership)

### **Also Present:**

Mike Markin (YRGC General Manager)

Norma Sampson called the meeting to order. The agenda for the meeting was reviewed. Pam Barnes noted that Steve Barnes had resigned from the research committee. She also requested that Steve's e-mail on April 6, 2008 regarding changes in membership benefits be added to the agenda.

Deb Piper reviewed the minutes from the March 25, 2008 board meeting. On **MOTION** (Howard/Carter) and unanimous vote, the minutes were approved.

### **TREASURER'S REPORT**

Warren Kmiec debuted the new versions of the Treasurer's Report, which are created from the QuickBooks software (Attachments 1 and 2). The first document is the Profit/Loss Report from March 1-April 1, 2008 and provides an overall view of Gross Profit minus All Expenses for a net income in this period of \$6,802.44. The second document is the Balance Sheet as of April 1, 2008. This provides an overview of YRGC's assets vs. liabilities and equity. There is question on the line item of Membership Dues Receivables, which needs to be reconciled with the Catapult system. When Warren distributed the report via e-mail on April 7, he mentioned that in the near future, he hopes to be able to create monthly financial reports from QuickBooks that includes a comparison of current financials to the targeted budget goals.

On **MOTION** (Kmiec/Friede) and unanimous vote, the board voted to accept the March Treasurer's Report.

### **COMMITTEE REPORTS:**

#### **FINANCE**

Warren reported that the committee met with Mike Markin to review the budget margins, level of inventory, accounts payable, etc. Peg Sheldon has some suggestions to get the Catapult system and QuickBooks software to talk to each other in order for data to be inputted directly into QuickBooks.

The federal and state taxes have been completed and filed, as well as all federal reports and tax payments have been made. Finance has decided to start meeting monthly. Those meetings will be at 6pm on the Monday prior to the Board meetings. Location will be at the store's business office.

#### **MARKETING**

Eric Borchardt reported that the committee met recently to address concerns of slow sales and public perception. It was decided that the core objective at this point is to ensure that members are shopping at the store. Several things are occurring:

-Store specials are being posted in the store's windows. According to Mike Markin, this is working and people are coming in for the specials. In fact, he needed to put a number limit on the items because some items ran out immediately.

-E-blast message was sent to members that included more info on the store, factoids and a local vendor profile.

-A larger ad was placed in several newspapers that included some info on buying local, the April special and a local vendor profile.

-Signage in the store is improving-clarifying our message

-Community efforts: article in Senior Center's newsletter, tie-in with library's reading program and with high school's Lifestyles class, and an Earth Day event at the store.

Philana Friede inquired about a weekly e-mail communication, stressing the need to ensure that YRGC is kept on the members' radar. Norma Sampson replied that, as discussed at a prior meeting, in order to purchase a new email system, it would cost approx. \$75 for 5,000 emails, which equates to sending just 3-4 messages each month to the membership. There are problems with the current system in that quite a few members aren't receiving the emails due to a variety of issues (mailboxes are full, spam filters that reject the e-mails, etc.). It was decided that, until the coop can afford a new email system, a more simplified weekly email would be sent that details the weekly specials and include one or two blurbs about the store/health/membership/supporting local/etc. Chairs of the various committees and perhaps some of the store's department managers can write one or two items each in order to create a library of items to use for the next month or so. Deb Piper volunteered to spearhead the effort and will double-check with Fred Leonard to see if he is able to send out this weekly email (as he is volunteering his services to host the site and send out content).

### SENIOR LIAISON

Homer Howard stated that he attended the March 17 coffee hour at the senior center and made a short presentation on YRGC and its history. Homer mentioned that perhaps seniors had a vision of another Main Street Market when the store opened. YRGC does not have enough of the traditional items for the seniors and they are located on the bottom shelves. Seniors also mentioned that they want a receipt and that the clerks are not always asking the customer if they want a receipt. He then requested that everyone write down comments about the store. He was disappointed to receive just four responses. Three stated that the prices are too high and one mentioned that the aisles are too narrow for two-way traffic.

### MEMBERSHIP

Kristine Vaughan reported that as of last week, YRGC had 853 members. She then addressed the email that Steve Barnes had sent to the membership mailbox at yaharagrocery.coop. (See below.)

**From:** "Steve Barnes"  
**Sent:** Sunday, April 06, 2008 10:38 AM  
**To:** membership@yaharagrocery.coop  
**Subject:** From Web Site:

Hello,

At the April 10, 2007 YRGC Board meeting it was unanimously agreed that benefits to our members would include a 5% discount "every time you shop". However, the last couple of times we have shopped at the Coop we have not received our promised 5% discount on all items purchased. We were told that the discount did not apply to sales or low-priced items. I checked the website this morning and I see that a disclaimer has indeed been added to member benefits. It now reads "5% discount every time you shop (*does not apply to everyday low price items or sale items*)."

A non-member customer walking into our store gets the "everyday low price" or the sales price on these items. A member gets the same price as the non-member. A member's price reduction on these items is effectively reduced by the loss of the 5% discount. Given enough of these items, exactly what are the benefits of membership?

The discussions surrounding the Board vote never included exclusions for items on sale, or for items with "everyday low prices". The clear understanding at that time was that this discount included all items purchased at the store. We distributed hundreds of pamphlets soliciting memberships making this promise. There was never an indication that this benefit did not apply to all items purchased. Hundreds and hundreds of people joined our coop with that understanding. To renege on that promise after the fact is clearly unfair, even deceitful.

Who made this decision? When was it made?  
Steve Barnes

PS When you put your cursor on "JOIN" on the website, several options appear. One of them is "Member-owner" benefits. At that same Board meeting (4/10/07) it was agreed that we have "members" and specifically not "member-owners". (Our members, unlike some other coops, do not "own" the coop.)

Kristine explained that when the board first adopted the member benefits, it stated that members "receive a 5% discount every time you shop." Later, the language expanded to include "(does not apply to everyday low price items or sale items)." Pam Barnes stated that this was done without action of the board. She further pointed out that there is no benefit if a member purchases just a sale item or an everyday priced item, because they do not receive the 5% discount. If the member is not getting that discount, then the member is paying the same price as a non-member. Deb Piper mentioned that the initial benefit wording could be ambiguous and interpreted in two

ways –members receive a 5% discount every time they shop at the store, or they receive a 5% discount on every item.

Marlene Widra moved to change the wording in the policy to state that every day prices are not included in the 5% discount; however, the motion was not seconded. Warren Kmiec suggested that Pam make a motion on her concerns. Pam made a motion that the wording in the policy be changed to “5% discount on every item in the store.” Seconded by Eric Borchardt.

Discussion ensued on this motion. It was pointed out that if there is a 5% discount on every item every day, it would not be possible to have sales because the coop would lose money. It was stated that the purpose of sale items is to drive traffic into the store. Members are not getting an additional 5% discount on sale items, but are often getting a better deal because sale prices are often 10-15% lower than if they had paid regular price and received their 5% discount.

Homer Howard asked for clarification on what “every day prices” mean. Mike Markin explained that it applies to specific items that are priced at a lower margin than other items in that department. There is confusion by the consumer because they don’t understand what that every day price is. The signs do not reflect what the price would be if it were priced at the regular margin. Glen Timmcke suggested that the every day priced items be examined to see how they average against sales. The coop could then determine if the prices on these (or other items) can be raised 5%. The 5% discount would then be offered to members on those items, so the pricing would equal out.

On AMENDMENT, Pam requested that the wording in the policy be changed to “5% discount on every item in the store (except on sale items).” Norma Sampson offered a friendly amendment that alcohol be added to that exclusion because discounts on alcohol cannot be offered. Warren Kmiec seconded the friendly amendment.

Discussion: Marlene expressed concern that if the every day priced items were raised, the goal of getting the lowest prices on the shelf would be defeated.

Due to time constraints, Deb Piper suggested that the board take more time to think about and discuss this issue, as well as get to other important items on the agenda. In order to finish these discussions, it was suggested that the April 22<sup>nd</sup> meeting (with Anne Reynolds from the UW Center for Cooperatives) be changed into a regular board meeting.

At this point, Pam Barnes resigned from her position as Chair of the Research Committee and left the meeting. The board considered the time and the situation and decided to continue discussion.

By majority vote, the board voted on the Barnes/Borchardt motion and the Sampson/Kmiec friendly amendment to change the member discount policy wording to: “Members will receive a 5% discount on every item in the store (except for sale items and alcohol).”

### **MANAGER’S REPORT**

Mike Markin reported that he would remove the “every day price” signs and determine the best place to make up the 5% difference to allow the member discount on those items.

Mike also reported that he would e-mail his Manager’s Report to the Board since there was not enough time for him to present at this meeting. There are several time-sensitive items that he would like the board’s input on before the next meeting.

### **OTHER BUSINESS**

Norma briefly addressed the agenda item on “call for committee members and election of committee chairs.” She stated that new people have not been asked to join committees in awhile. She suggests that an e-blast be sent asking people if they are interested in serving on a committee, and include a description of each committee’s activities. She also noted that committee chair elections are not officially addressed in the by-laws, and suggested that when some new people join the committees, that the committee members vote on their chairs. This is a topic for further discussion.

It was decided that the remaining agenda items would be tabled until the next meeting.

Returning to Piper suggestion to change the Apr. 22 meeting to a board meeting. Discussion followed that perhaps both can be accomplished at that meeting. Glen Timmcke suggested that the meeting be extended to 9

p.m. The first part of the meeting would be the Q&A session with Anne Reynolds and the second portion would be the board meeting to finish tonight's agenda items.

Mary Condon noted that two members had just resigned from their committee positions on the board (Steve and Pam Barnes). It was agreed that the Barnes have put in a lot of work and heart into getting the store started and their efforts are appreciated.

Homer Howard suggested that the board meetings should closely follow Robert's Rules of Order. This would keep the discussion in order and on target. He also suggested that the meeting room tables be re-arranged so that the board members sit closer together. Everyone should be heard at the meetings.

On MOTION (Borchardt/Friede) and unanimous vote, the meeting was adjourned at 8:45 p.m.

Respectfully submitted,  
Deb Piper  
Secretary  
Yahara River Grocery Cooperative

**Yahara River Grocery Cooperative**  
**Balance Sheet**  
 As of April 1, 2008

	Apr 1, 08
<b>ASSETS</b>	
<b>Current Assets</b>	
<b>Checking/Savings</b>	
1000 · Evergreen State Bank	9,855.81
1004 · Money Market-Evergreen	51,288.12
1005 · Petty Cash	100.00
1006 · CASH FOR REGISTER	2,350.00
<b>Total Checking/Savings</b>	63,593.93
<b>Accounts Receivable</b>	
1250 · Membership Dues Receivable	588.00
<b>Total Accounts Receivable</b>	588.00
<b>Other Current Assets</b>	
1010 · CD-Evergreen State Bank	9,221.81
1200 · Supplies Inventory	403.87
<b>Total Other Current Assets</b>	9,625.68
<b>Total Current Assets</b>	73,807.61
<b>Fixed Assets</b>	
1500 · Accumulated Depreciation	
1502 · Accum Depreciation-Furn & Equip	6,375.00
1503 · Accum Depr - Leasehold Imps	1,398.00
<b>Total 1500 · Accumulated Depreciation</b>	7,773.00
1600 · Fixed Assets	
1605 · Furniture and Equipment	232,077.96
1610 · Leasehold Improvements	95,738.52
1600 · Fixed Assets - Other	18.23
<b>Total 1600 · Fixed Assets</b>	327,834.71
<b>Total Fixed Assets</b>	335,607.71
<b>Other Assets</b>	
1750 · Accrued Interest Income	166.68
<b>Total Other Assets</b>	166.68
<b>TOTAL ASSETS</b>	<b>409,582.00</b>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
<b>Accounts Payable</b>	
Accounts Payable-Equipment	6,475.35
Accounts Payable-Leasehold Impr	5,163.17
1950 · Accounts Payable-Store Supplies	5,212.72
2000 · Accounts Payable-COGS Vendors	16,879.02
2010 · Accounts Payable-Utilities, Etc	5,455.69
<b>Total Accounts Payable</b>	39,185.95
<b>Credit Cards</b>	
2015 · Chase Credit Card	2,939.06
<b>Total Credit Cards</b>	2,939.06
<b>Other Current Liabilities</b>	
2100 · Payroll Liabilities	5,708.81
2300 · Short-term Notes - Credit Line	370,000.00
<b>Total Other Current Liabilities</b>	375,708.81
<b>Total Current Liabilities</b>	417,833.82

9:10 PM  
04/01/08  
Accrual Basis

**Yahara River Grocery Cooperative**  
**Balance Sheet**  
As of April 1, 2008

	<u>Apr 1, 08</u>
<b>Long Term Liabilities</b>	
2450 · Accrued Interest Payable	918.13
2500 · Investors - 3 - 5 years	59,250.00
<b>Total Long Term Liabilities</b>	<u>60,168.13</u>
<b>Total Liabilities</b>	478,001.95
<b>Equity</b>	
3000 · Contributed Equity	
3200 · Fund Raiser-Contributed Equity	18,300.51
3300 · Nonprofit Organization Grants	32,700.00
3400 · Individ, Business Contributions	3,551.07
3500 · Members' Owner Equity	62,127.00
3000 · Contributed Equity - Other	90.00
<b>Total 3000 · Contributed Equity</b>	<u>116,768.58</u>
32000 · Unrestricted Net Assets	-71,711.31
Net Income	-113,477.22
<b>Total Equity</b>	<u>-68,419.95</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><u>409,582.00</u></u>

**Yahara River Grocery Cooperative**  
**Profit & Loss**  
 March 1 through April 1, 2008

	Mar 1 - Apr 1, 08
<b>Ordinary Income/Expense</b>	
<b>Income</b>	
4000 · Grocery Revenue	
4010 · Dairy Income	-114.48
4045 · Health & Beauty Aids Income	-687.35
4000 · Grocery Revenue - Other	89,323.63
<b>Total 4000 · Grocery Revenue</b>	<b>88,521.80</b>
4800 · Discounts and Coupons	
4805 · Miscellaneous Discounts	9.04
<b>Total 4800 · Discounts and Coupons</b>	<b>9.04</b>
<b>Total Income</b>	<b>88,530.84</b>
<b>Cost of Goods Sold</b>	
5000 · Grocery Cost of Goods Sold	
5001 · Bakery COGS	4,009.24
5005 · Bulk Goods COGS	880.05
5010 · Dairy COGS	8,293.94
5015 · Deli Meat COGS	488.46
5020 · Fresh Meat COGS	3,831.75
5025 · Frozen COGS	1,098.11
5030 · General Merchandise COGS	1,333.83
5035 · Grocery COGS	12,016.85
5040 · Grocery Tax able COGS	51.08
5045 · Health & Beauty Aids COGS	1,139.24
5050 · Liquor COGS	1,261.45
5055 · Produce COGS	12,495.19
5060 · Service Deli Hot & Cold-COGS	1,696.03
<b>Total 5000 · Grocery Cost of Goods Sold</b>	<b>48,595.22</b>
50000 · Cost of Goods Sold	20.75
<b>Total COGS</b>	<b>48,615.97</b>
<b>Gross Profit</b>	<b>39,914.87</b>
<b>Expense</b>	
5200 · Cost of Labor	
5205 · Employee Benefits	100.00
5210 · FUTA & SUTA Payroll Taxes	749.30
5215 · Payroll Taxes-FICA & Medicare	1,458.91
5220 · Wages & Salaries	19,070.85
<b>Total 5200 · Cost of Labor</b>	<b>21,379.06</b>
5300 · Governance	
5310 · Member Services	159.61
<b>Total 5300 · Governance</b>	<b>159.61</b>
5500 · Occupancy Expense	
5501 · Repairs and Maintenance	267.02
5505 · Building Services	299.22
5508 · Insurance - Liability, D and O	233.00
5520 · Rent	2,400.00
5525 · Utilities-gas	538.59
<b>Total 5500 · Occupancy Expense</b>	<b>3,737.83</b>
5600 · Promotions	
5620 · Contributions	100.00
6510 · Advertising	1,023.10
<b>Total 5600 · Promotions</b>	<b>1,123.10</b>
6000 · Administrative Expense	
6008 · Business Registration Fees	13.00
6025 · Office Supplies	370.40

**Yahara River Grocery Cooperative**  
**Profit & Loss**  
March 1 through April 1, 2008

	<u>Mar 1 - Apr 1, 08</u>
6100 · Professional Fees	
6101 · Accounting Fees	387.50
<b>Total 6100 · Professional Fees</b>	<u>387.50</u>
<b>Total 6000 · Administrative Expense</b>	770.90
6200 · Facilities and Equipment	
6220 · Equip Rental and Maintenance	359.00
6200 · Facilities and Equipment - Other	159.06
<b>Total 6200 · Facilities and Equipment</b>	<u>518.06</u>
6400 · Operations	
6410 · Bank Service Charges	55.00
6412 · Global Pay STL	27.07
6440 · Postage, Mailing Service	41.00
6470 · Supplies	2,917.92
6480 · Telephone, Telecommunications	49.99
6485 · Trash	172.12
<b>Total 6400 · Operations</b>	<u>3,263.10</u>
<b>Total Expense</b>	<u>30,951.66</u>
<b>Net Ordinary Income</b>	8,963.21
<b>Other Income/Expense</b>	
<b>Other Expense</b>	
7000 · Other Expense	
7050 · Interest Expense	1,908.21
7000 · Other Expense - Other	252.56
<b>Total 7000 · Other Expense</b>	<u>2,160.77</u>
<b>Total Other Expense</b>	<u>2,160.77</u>
<b>Net Other Income</b>	<u>-2,160.77</u>
<b>Net Income</b>	<u><u>6,802.44</u></u>